

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 04 ABUJA 000587

SIPDIS

USAID/W FOR AFR/WA, MICHAEL KARBELING  
USAID/W FOR EGAT/AA, EMMY SIMMONS  
USAID/W FOR AFR/SD, JEFF HILL  
STATE/W FOR AFW/WA, CALLI FULLER  
USTR/W FOR AFR/IT, FLORIZELLE LISER  
LAGOS FOR ADMIN

E.O. 12958: N/A

TAGS: [NI](#)

SUBJECT: GUM ARABIC EXPORTS FROM NORTHERN NIGERIA  
FACILITATED THROUGH USAID SUPPORT

REF: NONE

-----  
SUMMARY

-----  
Gum arabic is a key ingredient in a wide variety of products manufactured in the United States, and represents an environmentally-friendly export opportunity for Nigeria. But while Nigeria possesses the resources to meet a significant portion of U.S. demand, poor processing capacity severely limits its ability export to the United States. USAID assistance is helping Nigeria to realize the export potential of gum arabic through improving harvesting and post-harvest handling techniques used by the industry in northern Nigeria, establishing market linkages with U.S. buyers, and providing laboratory equipment to certify gum arabic quality. In a ceremony attended by U.S. Ambassador Howard F. Jeter on February 26, 2003, laboratory equipment funded through the USAID project was handed over to the Jigawa State Gum Arabic Company. The laboratory facility will enable gum arabic to be tested and certified to meet international quality standards, helping to ensure that the gum arabic produced in Nigeria is suitable for U.S. manufactures and guaranteeing that Nigeria's gum arabic farmers and producers earn premium prices for their product.

-----  
BACKGROUND

-----  
Gum arabic is a key ingredient in a wide variety of U.S. manufactured products and industries, including soft drinks, baked goods and candies, cosmetics, pharmaceuticals, and printing (e.g., newspapers). Given its significance to U.S. manufacturers, the United States is the largest consumer of grade one (top grade) gum arabic, importing more than 60 percent of the world's raw and processed supply.

Gum arabic is a naturally occurring product that is exuded from the stems and branches of the acacia tree. More than 70 percent of the world's supply is produced by Sudan on an annual basis. However, U.S. sanctions against Sudan, initiated in 1997, mean that the U.S. manufactures have limited direct access to Sudanese gum arabic, with imports of raw gum arabic from Sudan dropping from more than 7,000 MT in 1990 to just over 1,000 MT in 2002. With demand for gum arabic in the United States increasing (overall imports of raw gum arabic have doubled since 2000 compared to the early 1990s), U.S. manufactures have had to increasingly rely on intermediary countries for their supply. For example, in 2002, France was the second largest exporter of raw gum arabic to the U.S., supplying more than one-third of the total imported that year. All of this was imported by France, and subsequently exported to the United States.

Given the importance of gum arabic to U.S. manufacturers, USAID has teamed with the U.S. private sector to diversify the supply of gum arabic, expanding the opportunity for direct imports and minimizing the impact of the rapidly changing political landscape in eastern Africa. The initial project in this effort is a collaborative gum arabic sector development program in Nigeria, one of the friendly countries in the gum arabic belt of West Africa and, along with Sudan and Chad, one of the top three producers worldwide.

The Nigerian gum arabic sector is substantially underdeveloped with respect to commercial production and marketing standards. Nigerian gum is traditionally harvested from wild forests on public or private lands, and could benefit from an inherent price advantage over Sudan and Chad due to the country's port access. But while Nigeria possesses the natural resources to supply at least one-third (5,000 MT) of current U.S. demand for raw gum arabic, poor harvest and post-harvest production capacity limit Nigeria's ability to export to the United States, which accounted for less than one percent (100 MT) of total U.S. imports in 2002.

In addition to benefiting U.S. manufacturers, enhancing Nigeria's capacity to produce gum arabic will develop an economic opportunity for rural farmers in the Muslim North. With low input costs (consisting largely of a rudimentary tapping tool, labor and transportation costs) and a value of between \$1,000 and \$1,500 per MT, gum arabic is the most profitable crop in the region of northern Nigeria. Gum arabic producers earn between \$0.27 and \$0.35 per kg. In comparison, other non-irrigated products that are grown in similar areas, including cowpeas, groundnuts, sesame, sorghum and millet, currently earn farmers between \$0.19 and \$0.27 per kg (with equal or higher input costs). Given that competing crops earn less revenue and have comparable to moderately higher input costs, gum arabic harvesting would seem to be a rational choice of crop for farmers to concentrate on, perhaps in conjunction with one of the other food crops.

Environmentally, by increasing the economic opportunities associated with old-growth acacia forests naturally occurring in Nigeria, improving gum arabic post-harvest production will encourage Nigeria's farmers to preserve existing forests which would otherwise be cut-down in order to plant other crops. Similarly, increased production capacity will enhance the potential for including acacia trees in integrated and rotated cropping schemes, helping to reduce soil erosion, fix nitrogen, and recycle other nutrients lost to leeching from the top-soil.

-----  
USAID GUM ARABIC PROJECT  
-----

Beginning in early 2002, USAID initiated a project to improve the production and marketing of Nigerian gum arabic through strengthening gum arabic associations and enhancing the capacity of local private sector participants involved in gum arabic trading. The training was conducted in five states in northern Nigeria (Bauchi, Borno, Jigawa, Kano and Yobe). The project has had strong collaboration from the U.S. private sector, which assisted with training in product standards, preparing training materials, and providing technical advice during training workshops. The project also included support to purchase and install laboratory equipment to certify the quality of the gum produced.

The USAID program successfully trained approximately 200 farmers and traders from the targeted states on the management of gum arabic plantations to improve output and marketing. These trained participants reported that they have extended information on best practices to a further 3,000 people. These trainings are already showing results. The most telling evidence of successful adoption of practices leading to increased productive capacity are the increased size of gum nodules, a reduction in the instances of adulteration, and the introduction of traceability techniques. The use of improved tapping techniques by farmers allows gum to exude into larger nodules, which in turn is realized in increased volumes of grade one gum, which corresponds to a higher quality product as larger gum nodules are cleaner, easier to grade, sort and bag. This increase in grade one volume has occurred despite problems of locusts and the wetter than usual rainy season, which have lowered overall gum production in the northern region. Traders have reported that the gum they are buying is purer than it has been in recent years.

The USAID program stimulated increased commercial interest in the gum producing states. For instance, in Jigawa state, about 330 hectares of new plantations have been established, while 250,000 seedlings were

raised as part of the state's long term strategy. This is in addition to the approximately 900 hectares of gum arabic in the state, some 500 hectares of which are being harvesting for export. In Yobe state, the Government during the year produced and distributed 10 million seedlings with support from the National Association of Gum Arabic Producers, Processors and Exporters of Nigeria (NAGAPPEN).

The program also supported the management of NAGAPPEN. This aspect of the program implementation has shown the most visible result. NAGAPPEN has emerged as an association that is capable of effectively representing the gum arabic sector in each gum producing state and organizing economic activity through the monitoring and enforcement of improved practices. Dues paying members, with no outside guidance, have initiated these chapters independently. The Association, which is less than two years old, now has over 2,000 dues-paying members.

-----  
LABORATORY EQUIPMENT CEREMONY, FEBRUARY 26, 2003  
-----

On February 26, 2003, USAID-funded laboratory equipment was formally presented to the Jigawa Gum Arabic Processing Company, Ltd. (GAPCO), at a ceremony attended by U.S. Ambassador Howard Jeter, and His Excellency, the Governor of Jigawa State, Saminu Turaki. The laboratory is located at Maigatari Export Processing Zone (EPZ), in Jigawa State, and will serve the major processing zone of northern Nigeria, as well as neighboring countries, including Chad. This quality control is essential in order to meet the quality standards demanded by buyers from the United States and Europe.

U.S. Ambassador Howard Jeter cut the tape marking the official opening of the facility, and noted the strong need to enhance the Jigawa Gum Arabic Processing Company's production capacity, and to encourage farmers in the state to expand their capacity to provide a high quality product. Apart from being a great source of employment, he said, the laboratory would "give importers greater confidence in the products they are buying".

Ambassador Jeter reiterated that the Nigerian Gum Arabic Program is a win-win situation in which the U.S. industry would gain by diversifying its sources of gum arabic, thus minimizing risk, and the Nigerian farmers, traders and exporters would see a significant improvement in their incomes and employment from the development of the gum arabic sector.

-----  
REMARKS BY JIGAWA GOVERNOR  
-----

His Excellency, the Governor of Jigawa State, Saminu Turaki, expressed satisfaction with the state's relationship with the United States and noted that the laboratory presentation had positioned Jigawa State to pursue further negotiations with TIC gums, a U.S. based firm that has negotiated a memorandum of understanding for the purchase of high quality gum. Governor Turaki said the gum arabic project was meant to enhance the economic status of the region, including Niger Republic, where some 10 million seedlings were recently distributed to farmers. The regional outlook of the project, he said, would enable the producers to compete effectively in the international market. Turaki said women who formed the larger percentage of the poor in the region would be mobilized to take part in the initiative.

The participants to the ceremony toured the GAPCO warehouse and observed several tons of gum being sorted and graded in sacks with the GAPCO labels. This is the first commercial shipment of gum being exported from Jigawa state. The gum acacia trees had been planted some 25 years ago for reforestation purposes, and its potential for gum arabic production had not been realized prior to this project. The first year harvest and export is expected to be a modest 168 tons, but will undoubtedly grow due to the strong leadership of Jigawa state, private sector partnership with U.S. companies, and the enhanced capacity of Nigerian farmers to properly harvest the gum.

-----  
CONCLUSION  
-----

While production of premium-quality grade one gum arabic in Nigeria is still low, the potential for significantly expanding the production of gum arabic suitable for export to the United States articularly in terms of grade and quality is high.

The USAID project has sought to educate farmers and traders on the comparative advantages of producing gum arabic. By introducing best practices in cultivation, harvesting and marketing, trainees have learned to meet the specifications of U.S. importers, and have extended these practices to others in their locations. The sector is poised to be globally competitive through the establishment of NAGAPPEN chapters in each of the targeted states, which will be crucial to future dissemination of best practices, industry monitoring and self enforcement.

USAID's program to improve the production of gum arabic in Nigeria is contributing to the strategic U.S. goal of diversifying sources of imports, while at the same time providing much needed income and foreign exchange earnings to farmers in northern Nigeria.  
JETER